

**Introduced by Senator Johnson**

February 19, 2004

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An act to amend Section 85307 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 1449, as introduced, Johnson. Political Reform Act of 1974: loans.

Under the Political Reform Act of 1974, a candidate for elective state office may not personally loan to his or her campaign an amount, the outstanding balance of which exceeds \$100,000. This limitation does not apply to a loan made to a candidate by a commercial lending institution in the lender's regular course of business on terms available to members of the general public for which the candidate is personally liable.

This bill would provide that, except for these personal loans, a candidate may not borrow funds for his or her campaign.

Existing law makes a violation of the Political Reform Act of 1974 subject to administrative, civil, and criminal penalties.

By removing an exemption to the loan prohibition, this bill would impose a state-mandated local program by expanding the scope of a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes with a  $\frac{2}{3}$  vote of each house and compliance with specified procedural requirements.

This bill, which would declare that it furthers the purposes of the act, would therefore require a  $\frac{2}{3}$  vote.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 85307 of the Government Code is  
2 amended to read:

3 85307. (a) ~~The provisions of this article regarding loans~~  
4 ~~apply~~ *Except as provided in this section, a candidate may not*  
5 *borrow funds for his or her campaign. This prohibition applies to*  
6 *all extensions of credit, but do not apply to including, but not*  
7 *limited to, loans made to a candidate by a commercial lending*  
8 *institution in the lender's regular course of business on terms*  
9 *available to members of the general public for which the candidate*  
10 *is personally liable.*

11 (b) A candidate for elective state office may not personally loan  
12 to his or her campaign an amount, the outstanding balance of  
13 which exceeds one hundred thousand dollars (\$100,000). A  
14 candidate may not charge interest on any loan he or she made to  
15 his or her campaign.

16 SEC. 2. No reimbursement is required by this act pursuant to  
17 Section 6 of Article XIII B of the California Constitution because  
18 the only costs that may be incurred by a local agency or school  
19 district will be incurred because this act creates a new crime or  
20 infraction, eliminates a crime or infraction, or changes the penalty  
21 for a crime or infraction, within the meaning of Section 17556 of  
22 the Government Code, or changes the definition of a crime within  
23 the meaning of Section 6 of Article XIII B of the California  
24 Constitution.

25 SEC. 3. The Legislature finds and declares that this bill  
26 furthers the purposes of the Political Reform Act of 1974 within



1 the meaning of subdivision (a) of Section 81012 of the  
2 Government Code.

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